



July 30, 2013

The Honorable Barack Obama
President of the United States of America
1600 Pennsylvania Avenue
Washington, D.C.

Dear President Obama:

We are writing to you now regarding a matter that is of utmost importance to all who value and promote educational opportunity. In brief, we request that you reverse the changes made by the U.S. Department of Education (DOED) regarding an expanded definition of what constitutes “adverse credit history”, in determining which parents qualify for Federal Parent PLUS Loans. As representatives of Historically Black Colleges and Universities (HBCUs), we are alarmed by the harmful effects this policy change has had on access to college nationally, its disproportionate impact on the HBCU community over the past year and its devastating impact on student enrollment in the coming academic year, and beyond.

In the fall of 2011, the Department issued internal guidance to its contractor workforce which evaluates Parent PLUS loan applicants that significantly changed the grounds on which a person would be approved for these types of student loans. These new criteria directed that loan approval officers reject any applicant that had any debt past due over 90 days within the last five years or any debt written off within the last five years. Worst yet, these criteria were not issued for any public comment, nor were they communicated to college financial student aid administrators. Consequently, this left the entire higher education community with no information or explanation about a far more strict underwriting policy for these loans. As a result, many families that had Parent PLUS loans approved in the previous year were rejected in the very next year despite no appreciable change in their financial or economic status.

The rationale for this change – according to the Department – is that this is an acceptable adjustment because adverse credit history – as defined by its current regulations – permits the rejection of any applicant with a debt that is 90 days past due with a balance above zero. We strongly disagree that this new criterion – which amounts to a “five year look back” clause -- is permissible under the Department’s current regulations. Moreover, we think the issuance of such guidance with the level of secrecy that has taken place – no public comments and no public release of the guidance given to the Department’s loan approval officers – is an abuse of the Department’s discretion and demonstrates a failure on the part of the Department to negotiate in good faith with the higher education community – and the HBCU community in particular.

The consequences of this deleterious action by the Department have been devastating to college-age students and their families. Published media reports suggest that the rejection rate year over year for Parent PLUS loans has nearly doubled in some instances. Some reports suggest hundreds of thousands of students – without warning or knowledge of the change in policy – have been rejected for these loans, bringing their educational plans to an abrupt halt or indefinitely placing them on hold. A recent report in *The Washington Post* quantified the disproportionate impact of the change on HBCUs. Citing the results of its own research, the *Post* reported that the new standard has cut

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Parent PLUS loans nationally by 11 percent, but that the drop for families whose students attend HBCUs has been more than three times that level, with a drop of 36 percent. Unlike larger and more affluent institutions, HBCUs do not have large endowments from which resources can be drawn to offset this loss in student financial assistance. The direct consequence at HBCUs across the nation is significant reductions in enrollment this fall, with some institutions seeing a drop in the number of students greater than five percent. This is directly attributable to the cumulative loss of millions of dollars through the Parent PLUS Loan program.

We know well of your personal commitment to making higher education available to every child in America who is willing to work hard and make the sacrifices needed to complete the academic requirements for admission to school. We also trust that you would agree that access to higher education should not be restricted based upon the size of parents' bank accounts. These parents face challenging economic circumstances, but still they and their children yearn for a better way of life that is best secured by a higher education. A student loan underwriting policy – no matter how well-intentioned – that penalizes the families of HBCU students at a rate three times the national average is unacceptable as a matter of sound public policy. Moreover, it undermines the very intent of your Administration's espoused goal to expand the frontiers of educational opportunity for all Americans, and especially those with limited financial means.

Recognizing the extreme gravity of this matter, we respectfully request a meeting with you personally before the new school year begins to collaboratively explore viable alternatives to this new policy and examine less punitive student loan underwriting standards. With your support and guidance, we believe this can be achieved for the benefit of thousands of students who surely deserve the opportunity to fulfill their potential and pursue an education at the highest attainable level.

Sincerely and respectfully,

Dr. Carlton Brown, President
Clark Atlanta University
Atlanta, Georgia

Dr. Ronald Mason, Jr., President
Southern University System
Baton Rouge, Louisiana

Dr. M. Christopher Brown, II, President
Alcorn State University
Lorman, Mississippi

Dr. Mortimer Neufville, President
Coppin State University
Baltimore, Maryland

Dr. Mickey L. Burnim, President
Bowie State University
Bowie, Maryland

Dr. Sidney Ribeau, President
Howard University
Washington, D.C.

Dr. Harold L. Martin, President
North Carolina A&T University
Greensboro, North Carolina

Dr. Gilbert L. Rochon, President
Tuskegee University
Tuskegee, Alabama

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Dr. Mary Sias, President
Kentucky State University
Frankfort, Kentucky

Dr. David Wilson, President
Morgan State University
Baltimore, Maryland

Dr. Harry Williams, President
Delaware State University
Dover, Delaware

Cc: The Honorable Arne Duncan
U.S. Secretary of Education
Washington, D.C.

Lezli Baskerville, Esq., President and CEO
National Association for Equal Opportunity in Higher Education
Washington, D.C.

Dr. William R. Harvey, Chair
President's Advisory Board on HBCUs
White House Initiative on Historically Black Colleges and Universities
Washington, D.C.

Dr. John Michael Lee
Vice President
Association of Public Land Grant Universities (APLU)
Washington, D.C.

Dr. Michael L. Lomax
President and CEO
United Negro College Fund
Washington, D.C.

Mr. Johnny C. Taylor, Jr., President and CEO
Thurgood Marshall College Fund
Washington, D.C.

The Honorable Marcia L. Fudge, Chair
Congressional Black Caucus
Washington, D.C.



Office of the President
July 30, 2013

The Honorable Elijah E. Cummings
U. S. House of Representatives
2235 Rayburn House Office Building
Washington, DC 20515-2007

Dear Congressman Cummings:

I am following-up on the conversation we had this morning regarding your delivering this letter to President Obama via Ms. Valerie Jarrett. Thank you very much for your leadership in advocating for a conversation between President Obama, Secretary Duncan, and this group of higher education leaders on an issue that is significantly impacting us.

I would appreciate your letting me know when the letter has been delivered.

Kind regards,

David Wilson
President

Attachment

cc: Dr. Carlton Brown, President
Clark Atlanta University

Dr. Sidney Ribeau, President
Howard University

Dr. M. Christopher Brown, II, President
Alcorn State University

Dr. Gilbert L. Rochon, President
Tuskegee University

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